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One Hundred Eighth Congress
U.S. House of Representatives
Select Committee on Homeland Security
Washington, DC 20515

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June 25, 2004

The Honorable Tom Ridge
Secretary
Department of Homeland Security

Dear Mr. Secretary:

Last week I sent a letter to Inspector General Clark Kent Ervin expressing my deep concern about reports my staff are receiving from various personnel at the Bureau of Immigration and Customs Enforcement (ICE) about significant problems associated with the unit's budget and financial systems. I noted that we understand that deficiencies in the ICE financial systems are so severe that they place the bureau at risk of violating the Anti-Deficiency Act, a key federal law which restricts agencies from over-obligating appropriated funds. I requested Mr. Ervin to initiate an audit to review ICE financial systems and, more importantly, examine larger budget problems at the bureau —particularly any violations of the Anti-Deficiency Act.

As you know, the Anti-Deficiency Act outlines very specific prohibitions. Generally, under the law, agencies cannot (1) spend beyond the amount available in an appropriation or fund unless authorized by law, (2) involve the government in any contract or other obligation for payment of money for any purpose in advance of appropriations, unless the authorized by law, and (3) accept voluntary services, or employ personal services in excess of that authorized by law, except in cases of certain emergencies. The Act further prohibits agencies from spending or obligating funds in excess of amounts permitted by regulations. In the past, violations of the Act have resulted in the demotion and removal of high-ranking federal officials and carry criminal penalties of fines up to \$5,000, or a maximum 2 years imprisonment, or both. Such a serious violation within ICE could serve as a source of extreme embarrassment for the department at large, a situation that DHS cannot afford so early in its transformation.

My staff interviewed ICE staff at DHS headquarters and in three large and important field offices. These conversations revealed a severe lack of confidence that the Bureau's key system—the Federal Financial Management System (FFMS)—is providing decision-makers with accurate, useful, and timely information. As a result, the ICE staff have told us that their units run the risk of over spending their appropriations by the end of fiscal year 2004 and violating the Anti-Deficiency Act.

Consider the following concerns expressed by the staff stemming from their inability to pinpoint the amount of funds available for important functions due to problems with the FFMS and budget-related matters:

- Problems with financial systems have crippled the ability of managers and staff to fulfill their responsibilities. For example, travel data bases and other functions have been shut down for days because ICE had temporarily run out of money. ICE has also been unable to notify temporary employees as to whether they would be able to employ them on a permanent basis.
- Funds are being shifted to ICE from other parts of the Border and Transportation Security Directorate on a daily basis to avoid budget shortfalls and handle expenditures. These short-term “fixes” are not addressing ICE’s systemic budget difficulties.
- Pilots have gone for months without knowing when, or if, they would acquire fuel, parts, and ammunition for their aircraft. Some are concerned that their offices may run out of money for critical repairs.
- Existing procurements are hard to track. As a result, financial staff are not able to keep track of how much they have available to spend on contracts. They must go directly to contractors to obtain that information.
- FFMS does not contain consolidated financial information. Staff need to run multiple reports and combine information manually to get a full picture of how much to spend. This leads to uncertainty about the amount of money available for travel, not to mention funds for vehicle and inventory procurements.
- Some vendors are not getting paid promptly because the FFMS is not properly equipped for vendor payments. ICE has not adjusted the system to correct these difficulties.

More recently, since knowledge of my letter to the Inspector General became public my staff has been flooded with correspondences from ICE staff expressing additional problems about its overall budget and financial picture. In these communications bureau staff noted that:

- Problems with the financial systems have resulted in some employees being paid overtime who do not qualify and some retirees remaining on the payroll and still receiving compensation.
- Some employees going into their own pockets to pay expenses for official government relocation because the Travel Manager system takes an incredibly long time to get the required approvals on pending travel requests.
- Some staff must use their own money for legitimate expenses, such as gas for their official government vehicles, because credit cards have been deactivated by the card companies for lack of payment.

- Reports from the FFMS are inaccurate, confusing, frustrating to interpret and have limited usefulness because information cannot be broken down by object class code. The system is extremely slow and locks up frequently, especially in the afternoons when the entire country is using it.

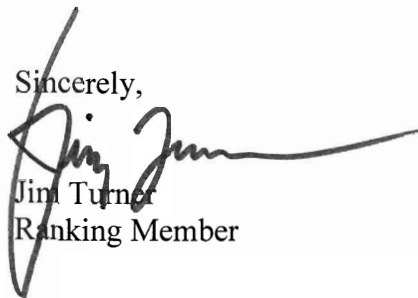
On a related development, an article this week in Government Executive reported that ICE is releasing some criminal aliens from federal custody in the southern region because it cannot afford to detain them. The article also stated that other officials noted that ICE has to reduce the number of aliens it was holding to comply with budget limits.

Clearly, the feedback from ICE staff and information contained in the article raise serious concerns about the bureau's ability to preserve taxpayer dollars. Equally important, unless department has well-integrated and reliable budget and financial systems that enable managers to administer programs and control spending, it cannot efficiently fulfill its vital mission of protecting the homeland.

I request the appropriate representatives from ICE brief my staff on the bureau's response to the issues contained in this letter and any actions being taken to improve its budget and financial situation. So that this matter is addressed expeditiously, I ask that this briefing take place within 2 weeks of your receipt of this letter.

I appreciate your attention to this very important subject. As always, I stand ready to work with you in any way possible. Should you or your staff have questions, do not hesitate to contact Mr. John Sopko, General Counsel, at 226-8833 or Mr. Glenn Davis at 226-8851 of my staff.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Turner", with a long horizontal flourish extending to the right.

Jim Turner
Ranking Member